

October 12, 2001

Ms. Donna Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701

Re: AmerenCIPS/UE
Docket No. 00-0802

Dear Ms. Caton:

The Reply Brief on Exceptions on behalf of the Illinois Industrial Energy Consumers has been filed electronically with the Clerk of the Illinois Commerce Commission this date. Copies of the foregoing have been provided to parties on the service list.

Sincerely,

Edward C. Fitzhenry

ECF/alc

cc: Service List

Enclosure/33730

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

CENTRAL ILLINOIS PUBLIC SERVICE)	
COMPANY, d/b/a AmerenCIPS, and)	
)	
)	
UNION ELECTRIC COMPANY,)	Docket No. 00-0802
d/b/a AmerenUE,)	
)	
)	
Request for approval of revisions to)	
delivery services tariffs, and for approval of)	
Delivery Services Implementation Plan for)	
Residential Customers.)	

REPLY BRIEF ON EXCEPTIONS ON BEHALF OF THE
ILLINOIS INDUSTRIAL ENERGY CONSUMERS

NOW COMES the Illinois Industrial Energy Consumers (IIEC) and for its reply to brief on exceptions submitted by the Illinois Commerce Commission Staff (Staff), pursuant to 83 Ill. Adm. Code 200.830, provides the following response.

Staff takes issue with the Administrative Law Judge’s Proposed Order’s finding to reject Staff’s recommendation to Rider ISS. Recall that Staff recommended residential customers which take service under Rider ISS only be subject to the bundled rate, a 10% adder, and a \$5.00 administrative charge.

Staff’s position on Rider ISS should be rejected. Staff offers nothing new in defense of its proposal. Staff agrees there will be cross-subsidies but as a concern they are “less weighty” because in the next rate case AmerenUE/AmerenCIPS (Ameren) could recover the shortfall from residential customers. The fallaciousness associated with the Staff proposal is quite evident. Cross subsidies

in rate regulation sometimes do occur because of the imprecision in cost of service applications. Rarely, if ever, are cross subsidies actively promoted and encouraged by a regulatory body as Staff recommends.

Staff's argument in support of changing Rider ISS is only because "some residential customers" may not be able to pay high market prices. Staff also claims that by not accepting its proposal, Rider ISS could serve as a significant obstacle for residential customers participating in the competitive market. Staff suggests the threat of high energy prices could deter some residential customers from considering customer choice. Not only is there lacking any credible evidence, logic suggests that while "some" customers cannot pay high market prices for power and energy, "most" should be able to pay these prices.

Staff makes the speculative assumption that a customer would leave its alternative supplier on a "high market price" day (however that is defined) and forego its contractual entitlement to power and energy during the remaining contract period, even where the price for power and energy in the remaining contract period may be less than what is available to the customer after it is no longer able to take Rider ISS service. Why a customer would act in this manner is never explained. The Staff position is also premised on the unreal expectation that customers have no legal recourse against suppliers, should it be that suppliers decide to terminate service and force customers on Rider ISS.

The Commission should be cognizant of eliminating barriers to retail competition and sometimes it may be appropriate to examine the means by which to benefit "some" customers. Nevertheless, the Staff has failed to provide any persuasive discussion to justify accepting its proposal, and has failed to present even rudimentary evidence in support of the alleged benefits.

For all the reasons raised by IIEC and Ameren in testimony as well as in briefs on this matter,

the Staff's position regarding Rider ISS should be rejected.

Dated this 12th day of October, 2001

Respectfully submitted,

Edward C. Fitzhenry
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One of the attorneys for the
Illinois Industrial Energy
Consumers

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**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

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Residential Customers.)	

NOTICE OF FILING

TO: See Attached Service List

PLEASE TAKE NOTICE that on this 12th day of October, 2001, we have electronically filed with the Illinois Commerce Commission, Reply Brief on Exceptions on behalf of the Illinois Industrial Energy Consumers, along with Proof of Service thereon attached.

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PROOF OF SERVICE

STATE OF ILLINOIS)
)
COUNTY OF MADISON) SS

I, Edward C. Fitzhenry, being an attorney admitted to practice in the State of Illinois and one of the attorneys for Illinois Industrial Energy Consumers herewith certify that I did on the 12th day of October, 2001, electrically file with the Illinois Commerce Commission, Reply Brief on Exceptions on behalf of the Illinois Industrial Energy Consumers, and serve upon the persons identified on the attached service list, both electronically and by depositing same in the United States Mail, in Granite City, Illinois with postage fully prepaid thereon.

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SUBSCRIBED AND SWORN to me, a Notary Public, on this 12th day of October, 2001.

Notary Public

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